WEST INDIES PLANTATIONS LIMITED

Annual Report

1964

Including Financial Reports Ended September 30, 1964

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WEST INDIES PLANTATIONS LIMITED

Directors and Officers

Directors

Melvyn Graham Angus	Montreal, P.Q.
Joseph Ralph Bourassa, Jr.	Montreal, P.Q.
Edmund Charles Bovey	Toronto, Ontario
Charles Spencer Clark	Seattle, Washington
Matthew Clifford Deans	Toronto, Ontario
Blancke Noyes	New York, N.Y.
Dr. K. R. Patrick, O.B.E.	Montreal, P.Q.
Hugh Victor Shaw	Toronto, Ontario

Officers

Edmund Charles Bovey	President and Treasurer
Matthew Clifford Deans	Vice-President
William Struan Robertson	Secretary
John M. Willem	Vice-President and General Manager

West Indies Plantations Limited
Head Office — 250 University Avenue, Toronto, Ontario

Offices of Subsidiaries

The Montserrat Company Limited
The Leeward Islands Company Limited
Montserrat Estates Limited
Plymouth, Montserrat, W.I.

The Leeward Islands Company (St. Kitts) Limited, Basseterre, St. Kitts, W.I.

West Indies Plantations (Bahamas) Limited, Nassau, Bahamas.

Transfer Agents

Montreal Trust Company Limited
Toronto, Ontario.
Montreal, P.Q. Vancouver, B.C.

Bankers

The Royal Bank of Canada
Plymouth, Montserrat, W.I.
Toronto, Ont. Montreal, P.Q.

Directors' Report

February 2, 1965

To the Shareholders:

The year ended September 30, 1964 has been one during which good progress has been made towards achieving four important objectives.

First, management has been strengthened through the appointment of Mr. John M. Willem to the position of Vice-President and General Manager of all of the Company's activities. Mr. Willem joined the Company on July 15, 1964. His operating report will be found on the following pages.

Second, your Company's first major real estate development, the "Isles Bay of Montserrat" project, has been organized and is now under way as shareholders know from recent mailings. It will be offered to the public early in February 1965 and has a gross income budget of $1,300,000.

Third, excellent headway has been made placing the many assets, apart from development land, owned by the Company on Montserrat, on an earning basis. These include such assets as the Olveston Estate House, Richmond Repair Depot, the main office building in Plymouth, agricultural lands not in use, etc. This programme showed at year end a gross annual income of approximately $35,000 W.I.

Fourth, work was started on a complete feasibility study covering all of the Company's activities and assets, projected for the short term as well as a five-year period. This report has now been received and will serve as an important guide-line and hand-book for management for immediate and future planning.

It was not expected that results of this progress would be reflected to any degree in the financial statements for the present year, but rather in the year ended September 30, 1965, which will be dealt with further on in this report. The loss for the year ended September 30, 1964, after providing for $34,000 depreciation, was $76,000 as compared to a profit of $35,000 in the preceding year. This loss is accounted for almost entirely by the fact that no important land sales were made, the Radio Company finally bought only 15 acres instead of 40 as originally planned, and out of the few remaining lots on the Richmond Estate, 15 were sold. The Company received offers to purchase further large tracts of land, but these were not accepted in the light of the decision reached to commence a major real estate development programme of its own. A policy of a minimum of out-of-pocket expenses was continued throughout the year, and it will be noted that the working capital position has actually improved by $11,000 during 1964 to $147,000.

It is important that shareholders fully appreciate that 1965 should be a good year for the Company. The "Isles Bay of Montserrat" project should provide a good profit potential and that, with revenue from improved utilization of other company assets, should contribute appreciably to the profits for the year.

Planning has already commenced for the next real estate programme which will be on the Elberton Estate adjoining the Isles Bay location. Lots in this area are scheduled for marketing early in 1966 and have a potential gross value in excess of the "Isles Bay of Montserrat" development.

As reported last year, management has continued to study the situation with respect to the utilization of the tomato processing plant, but has not directly engaged in any activities in this area. However, tomatoes are again being grown on a commercial basis by a group to which the Company has leased land. Their results and progress are being watched closely.

As we said in last year's report, it is reasonable to expect that a good return on the shareholders' investment should ultimately be realized. It would appear in the light of progress made during 1964 and that anticipated for 1965, that this point is not too far away.

In closing, may I express appreciation to the management group in Montserrat and the Directors for the assistance and co-operation given me during the year.

On behalf of the Board

E. C. Bovey
President

Vice-President and General Manager's Report

February 2, 1965

To the Shareholders:

Since my tenure of office commenced on July 15, 1964, only two and one half months prior to the end of the current fiscal year, my report will deal not only with that period of time, prior to the conclusion of the year under discussion, but also with activities during the first quarter of the fiscal year ending September 30, 1965.

The interim management period during which Messrs. Hopwood and Sturge leased the Company's assets on a profit-sharing basis ended September 30, 1964. This period in the Company's affairs might well be referred to as the "bridge" between emphasis on agriculture and real estate, with the latter emerging as dominant in the immediate and future planning of management. This is in keeping with original Company objectives.

Because of the potential for revenue and profit, your management at this time is primarily concerned with real estate development, other profitable uses of its land holdings, and in adapting the Company's assets on Montserrat to the progressive changes which are taking place on the island and which are having a beneficial effect on its economy.

The initial large-scale undertaking in real estate development is the project known as "Isles Bay of Montserrat", consisting of 104 carefully planned, individually designed lots overlooking the newly opened Belham River Golf Course. An extensive advertising and promotional campaign aimed at the United States, Canadian and United Kingdom markets, is being released in January and February 1965. The promotional approach is in the pattern of a tested formula with demonstrated success, and specifically related to Montserrat. The profit potential in this undertaking is excellent and should provide the Company with major earnings in 1965. Also, it will set the stage for the Company's 1966 development programme, planned for the Elberton Estate.

The Company's previously successful real estate development, on a much more modest basis, is now in its final stages of phasing at Richmond Estate. Roads, water and electrical improvements to the Richmond area are taking place. A carefully negotiated arrangement with Government provides for the installation of a 50,000 gallon water reservoir at Richmond and in a location which will permit the distribution of water to an extended Richmond development area as well as the initial stage.

The Company's agricultural lands are under profitable leases to various private interests, including one large operator who is becoming the Company's best customer for equipment and building leases; also to Government in co-operation with its various agricultural programmes, and to local tenant farmers as has long been the custom on the island.

The agricultural lands under the most profitable lease arrangements are those in limes and bananas. In both cases, the lessees are engaged in land improvement programmes, such as irrigation and access roads, which enhance land values and improve the productivity of the soil.

A planned programme of cane planting and cultivation was started by the Company in support of a Government programme and as a soil-conservation measure on its own, and then leased out. Thus, while the Company will not be directly active in agriculture during 1965, it is making every effort to see that its lands are made available for this purpose, and under the most favorable and profitable terms.

A new set of operational procedures and accounting controls is being put into effect in the Montserrat office; inventories of assets are being appraised with a strong view to profitability; buildings are being renovated and adapted to current rental demand. As an example, the largest single residential property held by the Company is Olveston House, formerly the residence of the local Managing Director. The house and grounds are ideally suited as a social centre and are also available for high rental occupancy during the tourist season. Advance interest is extremely encouraging.

Operations on Montserrat are being conducted with minimum staff and overhead in agriculture and in real estate, the former requiring primarily supervision of leaseholds and the latter requiring supervision of performance on contracts entered into for sales and development work. In other areas, management has high hopes for the continued development of Richmond Yard as a motor pool and garage operation, particularly with respect to the leasing and maintenance of motorized equipment used in agriculture and in real estate development work. Operations of the Texaco Bulk Plant have also been improving, and, since Texaco is the only supplier of propane gas to the island, your Company plans to step up sales efforts connected with new housing starts.

While the forward look of your management is directed to the best interest of you, the shareholder, with profits in mind, the Company continues to discharge its responsibilities to the community of Montserrat as a "good citizen". It is donating land for aided self-help housing programmes in the villages of Salem and Cork Hill, and it is co-operating with Government by providing land for a site to be used for the new electric power plant which will serve the entire island.

Further, your Company is co-operating with Government on zoning plans for the Plymouth area, and long range plans for the 8.7 acres on which the Tomato Paste factory is presently located, call for a commercial area plan dedicated to modern shopping facilities and a move of the town of Plymouth in a northerly direction. Land values applied to this acreage may well, at some future point in time, dictate complete removal of the factory and machinery in order to enable the Company to capitalize on the commercial area development plans.

In summary, every effort is being made to realize maximum return on the many valuable Company assets on Montserrat. The highly potential land development programme is under way and acreage available for this purpose apart and separate from agricultural lands would appear to provide the opportunity for a continuous development programme for at least five years. Accounting procedures are now installed and functioning so that any individual operation can be properly assessed at any time, and accelerated or discontinued as deemed advisable, based on current results. The many opportunities for profit that are developing, are being carefully scrutinized and evaluated on a systematic basis, having in mind possibilities for diversification of interests and continued profitable results over the short and long term. This policy applies not only to Montserrat, but to the entire Caribbean area in which your Company operates.

May I express my appreciation and thanks to the many people who have so willingly given me their ideas, suggestions and complete co-operation during my first six months with the Company.

John M. Willem

JOHN M. WILLEM
Vice-President and General Manager

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ASSETS

Current Assets:			
Cash		$ 14,776	
Short-term secured notes receivable		50,000	
Accounts receivable	$ 75,182		
Less Allowance for doubtful accounts	12,000	63,182	
Principal instalment due within one year on mortgage receivable		40,000	
Inventories, at the lower of cost or market		38,408	
Prepaid expenses		10,868	$ 217,234
Investments:			
Antigua Holdings Limited:			
Shares, at cost	$ 5,802		
Advances	2,218	8,020	
Mortgage receivable	250,600		
Less Principal instalment due within one year included under current assets	40,000	210,600	218,620

Fixed Assets:	Book Value (note 1)	Accumulated Depreciation	Net	
Land, agricultural and industrial	$ 333,398	—	$333,398	
Buildings	192,854	$ 30,496	162,358	
Plant and equipment	216,382	119,738	96,644	
	742,634	150,234	592,400	
Land, for real estate development	341,415	—	341,415	
	$1,084,049	$150,234		933,815
				$1,369,669

The accompanying notes are a

Approved on behalf of the Boar

(Signed) Edmund C. Bovey, *Director*

Audi

To the Shareholders of West Indies Plantations Limi

We have examined the consolidated balance sheet of
as at September 30, 1964 and the consolidated statements
tion included a general review of the accounting procedures
as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balan
present fairly the combined financial position of West In
September 30, 1964 and the results of their combined oper
accepted accounting principles applied on a basis consiste

Our examination also included the accompanying su
opinion, when considered in relation to the aforemention
solidated financial position for the year ended September

Toronto, Canada
January 29, 1965

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laws of Ontario

l subsidiaries

ance Sheet

, 1964

LIABILITIES

CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 46,090	
Provision for future service installations on Richmond estate	24,000	$ 70,090
DEFERRED RENTAL INCOME (note 2)		7,351
		77,441

SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 3):		
Authorized:		
500,000 6% non-cumulative redeemable convertible class A shares with a par value of $5.00 each		
750,000 common shares without par value		
Issued:		
263,144 class A shares	$1,315,720	
225,577 common shares	416,337	
	1,732,057	
EXCESS OF APPRAISED VALUE OF LAND AND BUILDINGS OVER EFFECTIVE COST THEREOF, less adjustments (note 4)	1	
	1,732,058	
DEFICIT	439,830	1,292,228
		$1,369,669

al part of this statement.

(Signed) M. C. DEANS, *Director*

port

ies Plantations Limited and its wholly owned subsidiaries
e and deficit for the year ended on that date. Our examina-
n tests of accounting records and other supporting evidence

and related consolidated statements of income and deficit
ntations Limited and its wholly owned subsidiaries as at
r the year ended on that date, in accordance with generally
hat of the preceding year.

f changes in consolidated financial position which, in our
lidated statements, presents fairly the changes in the con-

THORNE, MULHOLLAND, HOWSON & MCPHERSON
Chartered Accountants

Notes to Consolidated Financial Statement

1. Fixed Assets:	Land, agricultural and industrial	Buildings	Plant and equipment	Land, for real estate development
The Montserrat Company Limited	$311,660	$123,879	$ 63,488	$ —
Montserrat Estates Limited	—	—	—	291,563
The Leeward Islands Company Limited	21,738	68,975	152,894	49,852
	$333,398	$192,854	$216,382	$341,415

The land and buildings of The Montserrat Company Limited and Montserrat Estates Limited are valued on the basis of appraisals thereof dated October 11, 1961, witn subsequent additions at cost. Such appraised values, which recognized depreciation and structural conditions of the buildings, were determined by Cumming-Cockburn & Associates Limited, Registered Professional Engineers, Toronto, Ontario.

The land and buildings of The Leeward Islands Company Limited are valued at cost.

Plant and equipment is valued at cost to subsidiary companies.

2. Deferred Rental Income:

Deferred rental income represents the balance of rental received in advance under the terms of a 25 year lease from October 1, 1960, and is being included in income at the rate of approximately $350 per annum.

3. Capital Stock:

Class A shares are entitled to one vote per share, are convertible at any time at the option of the holder into one and one-half common shares for each class A share, and are redeemable at the option of the company at $6.00 per share. During the year 204 class A shares were converted into 306 common shares.

50,000 common shares have been designated as available for options to company employees. Options outstanding at September 30, 1963 relating to 26,000 shares have been relinquished by the respective holders. Subsequently, options have been granted by the board of directors in respect of the said 50,000 shares, which are subject to the approval of the Toronto Stock Exchange, and accordingly not yet in effect.

4. Excess of Appraised Value of Land and Buildings Over Effective Cost Thereof:

Excess of appraised value of land and buildings over depreciated cost	$757,376
Less Portion thereof reflected in cost of shares of The Montserrat Company Limited acquired, being excess of cost of shares over net book value thereof before appraisal	329,643
	$427,733
Deduct Excess of cost of shares of The Leeward Islands Company Limited over net book value of such shares	90,610
	$337,123
Deduct Financing costs, less $15,340 written off to deficit	337,122
	$1

5. Operations:

The distribution of mercantile products, handled directly by the company prior to March 31, 1963, was placed in the hands of an agent as at that date. The company's net revenue from the agent under the new arrangements is included under agency operations.

6. Taxes on Income:

No provision for income taxes was required for 1963 as a result of the application of the previous period's loss.

7. Translation of Foreign Currency:

Translation into Canadian dollars has been effected as follows:

(a) current assets, current liabilities and statement of income, at current rate at balance sheet date, $1.00 West Indian equivalent to 60¢ Canadian.

(b) fixed assets, investments and deferred rental income, at rate in effect at date asset acquired or rental received.

West Indies Plantations Limited
and its wholly owned subsidiaries

Consolidated Statement of Income

Year ended September 30, 1964
(With comparative figures for 1963)

	1964	1963
SALES:		
Agricultural and mercantile products (note 5)	$ 56,742	$ 85,240
Land for real estate development	45,069	391,320
Total sales	101,811	476,560
DIRECT COSTS:		
Agricultural and mercantile products	72,203	125,125
Land for real estate development	29,552	184,790
Total direct costs	101,755	309,915
Gross profit	56	166,645
OPERATING EXPENSES:		
Indirect costs and overhead expenses	66,953	106,425
Depreciation	33,673	36,056
	100,626	142,481
Income (loss) before undernoted items	(100,570)	24,164
OTHER INCOME:		
Agency operations	2,621	5,507
Interest on mortgage and short-term notes	18,007	11,256
Sundry	3,922	—
	24,550	16,763
	(76,020)	40,927
OTHER EXPENSES:		
Loss on exchange	282	3,905
Loss on disposal of fixed assets	—	2,271
	282	6,176
NET INCOME (LOSS) FOR YEAR (note 6)	($76,302)	$ 34,751

Consolidated Statement of Deficit

Year ended September 30, 1964

Deficit at beginning of year	$363,528
Net loss for year	76,302
DEFICIT AT END OF YEAR	$439,830

West Indies Plantations Limited

and its wholly owned subsidiaries

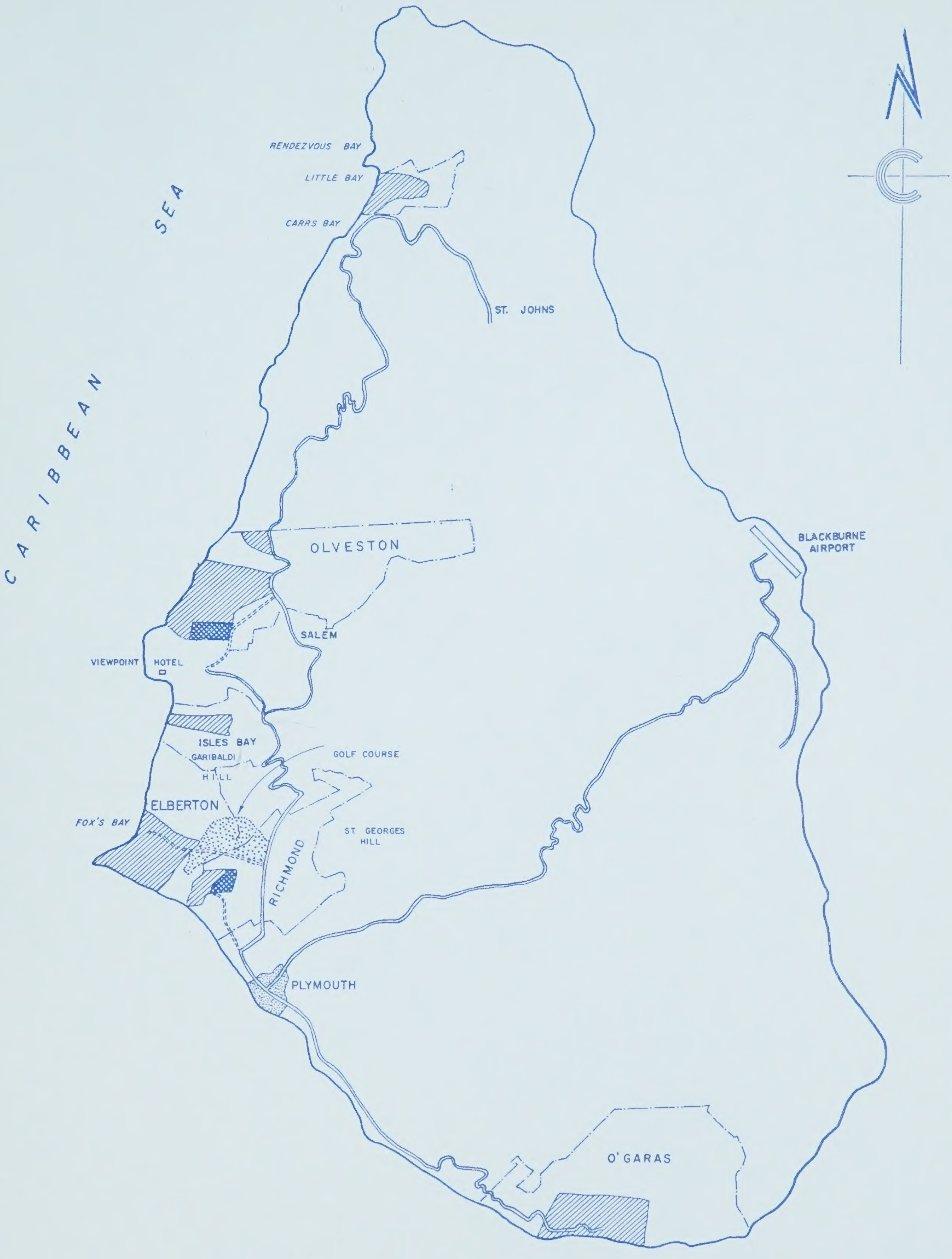
Summary of Changes in Consolidated Financial Position

Year ended September 30, 1964

	1964	1963	Variation
Current assets	$ 217,234	$ 207,030	$ 10,204
Current liabilities	70,090	71,238	1,148
Working capital	147,144	135,792	11,352
Investments	218,620	258,620	(40,000)
Fixed assets (net)	933,815	981,829	(48,014)
	1,299,579	1,376,241	(76,662)
Deferred rental income	7,351	7,711	360
SHAREHOLDERS' EQUITY	$1,292,228	$1,368,530	($ 76,302)
Represented by:			
Class A shares	$1,315,720	$1,316,740	
Common shares	416,337	415,317	
Appraisal excess	1	1	
	1,732,058	1,732,058	
Deficit	439,830	363,528	
	$1,292,228	$1,368,530	

The increase in working capital, amounting to $11,352 as shown above, is the result of the following factors:

FUNDS MADE AVAILABLE:			
Decrease in mortgage receivable		$ 40,000	
Cost of land for real estate development sold		29,552	
Proceeds from sale of other fixed assets		114	$69,666
FUNDS APPLIED:			
To operations:			
Net loss for year	$ 76,302		
Deduct Depreciation, which does not involve an outlay of funds	33,673		
	42,629		
Add Reduction in deferred rental income	360	42,989	
Additions to land for real estate developments		15,325	58,314
RESULTING INCREASE IN WORKING CAPITAL			$11,352



ISLAND OF MONTSERRAT

SHOWING LOCATION OF
REAL ESTATE DEVELOPMENT BY
MONTSERRAT ESTATES LIMITED
A DIVISION OF
WEST INDIES PLANTATIONS LIMITED

CUMMING - COCKBURN & ASSOCIATES LIMITED	SCALE : AS NOTED
CONSULTING ENGINEERS AND TOWN PLANNERS	DRAWN D.
TORONTO CANADA	DATE 22 AUG. 1962
	DRWG. 9214-10

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